



FOR IMMEDIATE RELEASE  
PRESS RELEASE: April 27, 2023

### **Pinnacle Bank Announces Earnings for First Quarter of 2023**

Gilroy, CA – April 27, 2023 – OTCQB: PBNK - Pinnacle Bank, headquartered in Gilroy, California, announced today unaudited net income for the three months ended March 31, 2023 of \$2,723,000, an increase of 119% compared to net income of \$1,246,000 for the same period in 2022.

As of March 31, 2023, total assets were \$766.6 million, a 2% decrease from the \$778.8 million at March 31, 2022.

Gross loans were \$528.2 million at March 31, 2023, a new record and an increase of \$85.5 million (19%) from the March 31, 2022 balance of \$442.6 million. Gross Paycheck Protection Program (PPP) loans at March 31, 2023 were \$280,000 compared to \$8.5 million a year earlier. Excluding PPP loans, gross loans increased \$93.8 million or 22%. The allowance for credit losses at March 31, 2023 was \$5.732 million or 1.10% of net loans compared to \$6.209 million or 1.43% of net loans at March 31, 2022 (1.46% excluding PPP loans).

Total deposits at March 31, 2023 were \$676.3 million, a 4% decrease from \$701.0 million at March 31, 2022 and a 1% increase from \$669.4 million at December 31, 2022.

Pinnacle Bank adopted the Current Expected Credit Losses ("CECL") standard as of January 1, 2023, which resulted in a one-time adjustment to the allowance for credit losses for loans of \$501,000 and an after-tax decrease to opening retained earnings of \$353,000.

"We have remained focused on our core business and providing our high level of personalized service. The record level of loans reached this quarter reflects the success of our approach to relationship banking," stated Jeffrey Payne, President and CEO. "We are honored to contribute to the success of our communities by providing premier business banking from Salinas Valley to Silicon Valley. We appreciate the ongoing efforts of our outstanding team of professional bankers, committed directors and advisors and our many loyal clients that contribute to our ongoing success and valued relationships."

The Bank's capital position remains above regulatory guidelines for well capitalized banks. At March 31, 2023, the Bank had a total capital ratio of 13.91%. Book value per share at March 31, 2023 was \$13.67.

Pinnacle Bank is rated by Bauer Financial as Five-Star "Superior" for strong financial performance, the top rating given by the independent bank rating firm. DepositAccounts.com awarded Pinnacle Bank an A health rating. The Findley Reports named Pinnacle Bank a 2023 Super Premier performing bank.

For more information, please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and March 2023 call report.

#### **About Pinnacle Bank**

*Pinnacle Bank is a full-service business bank dedicated to providing quality depository and credit services in Santa Clara, San Benito and Monterey counties. The bank focuses on commercial banking services for businesses and nonprofit organizations, offering a variety of products and services that combine the best of personal touch with convenient technology-based delivery. Pinnacle Bank has locations in Morgan Hill, Gilroy, Salinas and Campbell. For more information, please go to [www.pinnacle.bank](http://www.pinnacle.bank) click on Investor Relations and March 2023 call report.*

#### **Forward-Looking Statements**

*This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth and improvement. Forward-looking statements are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, including the real estate market in our primary service area and more generally in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. Pinnacle Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.*

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**Summary Balance Sheet***(Unaudited, dollars in thousands)*

	3/31/2023	12/31/2022	3/31/2022	Year over year change	
				\$	%
Total assets	\$ 766,638	\$ 755,653	\$ 778,795	\$ (12,160)	-2%
Gross loans	\$ 528,159	\$ 510,100	\$ 442,627	\$ 85,532	19%
Allowance for loan losses	\$ (5,732)	\$ (5,085)	\$ (6,209)	\$ 477	-8%
Non-interest bearing deposits	\$ 275,224	\$ 330,109	\$ 347,328	\$ (72,104)	-21%
Interest-bearing deposits	\$ 401,071	\$ 339,279	\$ 353,670	\$ 47,401	13%
Total deposits	\$ 676,295	\$ 669,388	\$ 700,998	\$ (24,703)	-4%
Shareholders' equity	\$ 77,076	\$ 73,687	\$ 66,969	\$ 10,107	15%

**Summary Income Statement***(Unaudited, dollars in thousands except per share data)*

	Quarter ended	Quarter ended	Change	Quarter ended	Change
	3/31/2023	12/31/2022	%	3/31/2022	%
Interest income	\$ 10,602	\$ 9,824	8%	\$ 6,095	74%
Interest expense	1,604	1,013	58%	219	632%
Net interest income	8,998	8,811	2%	5,876	53%
Provision for loan losses	136	(1,150)	-112%	0	0%
Non-interest income	1,161	515	125%	1,048	11%
Non-interest expense	6,277	6,070	3%	5,202	21%
Income tax expense	1,023	1,299	-21%	476	115%
Net income (loss)	\$ 2,723	\$ 3,107	-12%	\$ 1,246	119%
Basic Earnings per share	\$ 0.49	\$ 0.57	-14%	\$0.23	113%
Diluted Earnings per share	\$0.48	\$0.56	-14%	\$0.23	109%
Book value per share	\$ 13.67	\$ 13.36	2%	\$ 12.37	11%
Shares outstanding at period end	5,637,148	5,517,373	2%	5,415,761	4%

**Capital Ratios**

	3/31/2023	12/31/2022	3/31/2022	Minimum required to be well-capitalized
Tier 1 leverage ratio	10.23%	9.89%	8.99%	5.00%
Common Equity Tier 1 capital ratio	12.97%	12.53%	12.78%	6.50%
Tier 1 capital ratio	12.97%	12.53%	12.78%	8.00%
Total capital ratio	13.91%	13.37%	13.96%	10.00%

**Nonperforming assets***(dollars in thousands)*

	3/31/2023	12/31/2022	3/31/2022
Nonperforming assets	\$ -	\$ 1,167	\$ 76
Nonperforming assets to total assets	0.00%	0.15%	0.01%